

Message Text

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ACTION EUR-25

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TAGS: PLAB

SUBJECT: LIP: END OF OLD OR BEGINNING OF NEW AFFAIR?

REF: PARIS 21890

1. SUMMARY: SIX MONTHS AFTER BEGINNING ANOMALOUS LABOR ACTION AT BESANCON (REFTTEL), LIP WORKERS ON OCTOBER 12 VOTED REFUSAL OF GOVERNMENT MEDIATOR'S FINAL OFFER, THUS THREATENING EXTINCTION OF BANKRUPT FIRM AND UNEMPLOYMENT FOR MORE THAN 1200 WORKERS. CONDUCT OF ELECTION AND ERRATIC BEHAVIOR OF MAJORITY UNION (CFDT) SHATTERED LABOR UNITY IN FIRM AND RAISED DOUBT CONCERNING VALIDITY OF VOTE. TRADE UNIONS AND POLITICAL PARTIES NOW SEEKING TO RE-OPEN NEGOTIATIONS LOOKING TOWARD COMPROMISE SOLUTION. RESUMPTION OF NEGOTIATIONS AT THIS STAGE, WHILE DIFFICULT (ESPECIALLY FOR GOVERNMENT), NOT IMPOSSIBLE. END SUMMARY.

2. LIP AFFAIR TOOK NEW, PERHAPS DECISIVE, TURN 12 OCTOBER WHEN GENERAL ASSEMBLY OF WORKERS AT BESANCON VOTED (626-174)
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REJECTION OF FINAL NEGOTIATED OFFER OF

GOVERNMENT MEDIATOR, AND CONTINUATION OF STRUGGLE ON BASIS OF NO LAYOFFS AND MAINTENANCE OF EMPLOYMENT ON PREVIOUS CONDITIONS.

GOVERNMENT MEDIATOR GIRAUD'S FINAL OFFER WOULD HAVE ASSURED EMPLOYMENT TO ALL BUT 159 WORKERS, ALL OF WHOM WOULD EITHER HAVE BEEN PLACED IN POSITIONS ELSEWHERE IN BESANCON AREA OR RETRAINED AT FULL PAY. RETRAINED WORKERS WOULD HAVE HAD REEMPLOYMENT PRIORITY IF THE RECONSTITUTED FIRM BEGAN TO HIRE AGAIN.

3. VOTE TOOK PLACE AGAINST BACKGROUND OF REPEATED GOVERNMENT WARNINGS - INCULCATING PRIME MINISTER'S STATEMENT TO THE NATIONAL ASSEMBLY 11 OCTOBER - THAT FAILURE BY LIP WORKERS TO ACCEPT FINAL NEGOTIATED POSITION WOULD RESULT IN AUTOMATIC DISSOLUTION OF BANKRUPT FIRM AND SALE OF ASSETS. THUS FAR GOVERNMENT CONTINUES HOLD THIS POSITION. ADMINISTRATOR APPOINTED BY THE BANKRUPTCY COURT HAS INITIATED ACTION LEADING TO SALE OF LIP ASSETS. IN FACT, HOWEVER, PROCEDURAL STEPS WILL NOT BE COMPLETED BEFORE JANUARY, WHICH IS EARLIEST TIME SALE CAN TAKE PLACE.

4. BESANCON VOTE CONTESTED BY CGT, FO AND CGC WHO CONTEND THAT VOTING TOOK PLACE UNDER "UNACCEPTABLE CONDITIONS." VOTE WAS TO HAVE SELECTED ONE OF THREE ALTERNATIVES: (1) MEDIATOR'S FINAL OFFER; (2) AGREED INTER-UNION POSITION (REFUSAL OF MEDIATOR'S OFFER, BUT CONTINUATION OF NEGOTIATIONS ON FLEXIBLE BASIS), OR (3) REFUSAL OF MEDIATOR'S OFFER COUPLED WITH RESUMPTION OF NEGOTIATIONS ON BASIS OF NO LAYOFFS AND WITH MAINTENANCE OF PREVIOUS EMPLOYMENT CONDITIONS. THIRD POSITION WAS THAT ADVOCATED BY PSU-DOMINATED ACTION COMMITTEE. AT ELEVENTH HOUR, CFDT (MAJORITY UNION) WITHDREW FROM INTER-UNION POSITION, INSISTING THAT ONLY ALTERNATIVES (1) AND (3) APPEAR ON BALLOT. CGT, THOUGH OPPOSED, WAS UNABLE TO CARRY THE DAY OR EVEN TO OBTAIN A FAIR HEARING IN THE GENERAL ASSEMBLY, WHERE ITS ATTEMPT TO ARGUE FOR ACCEPTANCE OF GIRAUD'S OFFER AS HONORABLE AND REALISTIC COMPROMISE WAS GREETED AS TREASON TO THE LIP CAUSE.

5. ERRATIC CFDT (LIP) BEHAVIOR, WHICH HAS BEEN CONSTANT LIMITED OFFICIAL USE

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FACTOR SINCE BEGINNING OF LIP AFFAIR, REFLECTS DIFFERENCE OF ATMOSPHERE BETWEEN STRUCTURED INTER-UNION CONSULTATIONS (FROM WHICH ACTION COMMITTEE EXCLUDED) AND FREE-WHEELING GENERAL ASSEMBLY/ACTION COMMITTEE "DELIBERATIONS" DOMINATED BY PSU AND OTHER POLITICALLY-ORIENTED RADICAL GROUPS (A-682). IT ALSO REFLECTS CONFLICTING UNION-PSU LOYALTIES AMONG CFDT LEADERS AT BESANCON.

6. NEITHER THE CGT NOR CFDT PARIS WAS PLEASED WITH THE OUTCOME OF VOTE. BOTH CONFEDERATIONS (AIDED BY BOTH PSU AND PCF) ARE SCRAMBLING TO FIND SOME SORT OF SOLUTION BEFORE LIP ASSETS ACTUALLY BEGIN TO BE SOLD. UNIONS ARE ATTEMPTING TO REVERSE THE RESPONSIBILITY, ACCUSING THE GOVERNMENT MEDIATOR OF HAVING TERMINATED NEGOTIATIONS JUST AS UNIONS HAD ACHIEVED A COMMON POSITION AND A SETTLEMENT WAS "IN SIGHT."

7. SEVERAL INITIATIVES ARE CURRENTLY UNDERWAY TO RETRIEVE THE SITUATION. FO (WITH CGT) ATTEMPTING TO SECURE REOPENING OF LIP'S ORNANS PLANT (ARMS PRODUCTION) WHERE THE TWO UNIONS HAVE CONTROL, AND WHERE MEDIATOR PLANNED TO REHIRE ENTIRE WORKFORCE. CGT HAS MADE CLEAR ITS READINESS TO COMPROMISE REGARDLESS OF CFDT POSITION. ASKED HOW CGT WOULD REACT TO A GOVERNMENT REFUSAL TO REOPEN NEGOTIATIONS, CGT SPOKESMAN SAID "GOVERNMENT WOULD RUN A GREAT RISK IN REFUSING TO NEGOTIATE WITH UNIONS. THERE CAN BE NO QUESTION OF OUR ABANDONING LIP WORKERS."

8. COMMENT: IMMEDIATE RESULT OF VOTE WAS TO STRAIN RELATIONS BETWEEN CGT AND CFDT, FURTHER POLITICIZING LIP AFFAIR BY EXPOSING THE POLITICAL MOTIVATION OF CFDT LEADERS AT BESANCON. APPARENTLY IN THE HOPE OF EXPLOITING WHAT THEY TRUST WILL BE A WORSENING ECONOMIC AND SOCIAL SITUATION, CFDT LEADERS SEEM BENT ON KEEPING ALIVE AN ACTION WHICH, FOR SIX MONTHS, HAS COMMANDED NATIONAL SYMPATHY AND UNDERScoreD GOVERNMENT EFFORT TO AVOID CONFRONTATION WITH UNIONS.

9. GOVERNMENT PATIENCE IN THE LIP AFFAIR HAS EXTENDED EVEN TO WINKING AT SERIOUS INFRACTIONS OF LAWS PROTECTING PRIVATE PROPERTY. FOR GOV NOW TO BACK DOWN FROM A PUBLICLY PROCLAIMED POSITION, WOULD BE INTERPRETED AS AN INDICATION LIMITED OFFICIAL USE

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THE GOVERNMENT LACKED THE AUTHORITY AND CONFIDENCE TO STAND UP TO TRADE UNION CHALLENGERS. IF, HOWEVER, CGT/CFDT SUCCEEDED IN RESURRECTING LIP AS A MAJOR LABOR ISSUE, GOV MIGHT FIND IT POLITICAL TO ACCEPT SOME SORT OF COMPROMISE RATHER THAN ALLOW PERPETUATION OF LIP AGITATION. IRWIN

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